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## Agricultural fund may be diversified with new oversight

By John Harrell

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The Kentucky Agricultural Development Fund would be restructured to extend its life and to help more than just tobacco farmers under a proposal by executive director John-Mark Hack.

The fund, launched in January 2001 with Kentucky's portion of the Tobacco Master Settlement Fund, provides startup financing for farmers seeking to diversify their crops.

Hack's proposal would move the program from the governor's office into the Department of Finance and Administration and create three divisions that would help tobacco farmers explore, finance and develop alternative forms of farming.

The state set aside \$180.3 million of settlement funds in the 2001-2002 budget, and is expected to earmark \$117.4 million in the 2003-2004 budget for the fund. The fund is expected to provide \$76.3 million for state-level projects during fiscal 2003-004, with \$41.1 million more going to county-level projects.

While Hack has been happy with the results thus far, he told the board during a recent meeting that it was time to consider the long-term future of the fund.

"We're mapping out the appropriate next steps for the organization with the vision of making agricultural development and diversity a permanent fixture in state government," Hack said.

The board has 30 to 60 days to evaluate Hack's plan and decide its next step. A shift out of the governor's office would require General Assembly action.

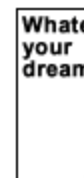
"It's my thought, frankly, that we can assure (the fund's) permanence by attaching it to a branch of government that is responsible for administering organizations like this, and tends to have more stability during a change in governments," Hack said.

The fund would be renamed the Kentucky Agricultural Development Finance Authority and would create the Agriculture Finance Corp. Departments for agricultural development and entrepreneurship and information technology would be set up.

The Agriculture Finance Corp. would oversee loans featuring lower interest rates and longer payment periods. The loans would be applicable for diversification and to buy farmland.

Hack said his plan would expand the scope of the fund. For instance, he said, the program could develop a network of prospective farmers and retiring farmers whose heirs are not

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interested in maintaining the farms.

At least one member of the board said she supports Hack's efforts to restructure the organization. Louisville attorney Vickie Yates Brown, who joined the board in June 2001, said Hack's plan would allow the board to do more with its resources.

"This is a natural progression of where the board is headed," Brown said. "I'm very comfortable with it."

From January 2001 through this August, the fund allocated \$44.9 million in market development investments, according to information Hack provided at a National Governor's Association summit on tobacco settlement funds Oct. 8 at the Seelbach Hotel.

"Hopefully the General Assembly will continue its commitment of using buyout proceeds for the development fund," he said. "In a farm sense, it's saving the feed corn. You don't feed it to the cattle, you save it to plant the new corn crop in the spring. You sit a little aside to have a corn crop each spring."

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